

CRS Report for Congress

Health Insurance Coverage: Characteristics of the Insured and Uninsured Populations in 2006

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Summary

Based on data from the Census Bureau's Current Population Survey (CPS), 47.0 million people in the United States had no health insurance in 2006 — an increase of approximately 2.2 million people when compared with 2005. The percentage of people covered by job-based coverage has dropped annually since 2000. Whether the uninsured rate rose in response depended on how much of the job-based decrease was offset by increases in public coverage. Unlike in recent years, the overall public coverage rate declined in 2006; at the same time, rates for the Medicare and Medicaid categories of public coverage remained statistically unchanged. The uninsured rate rose from 15.3% in 2005 to 15.8% in 2006. Mostly because of Medicare, 1.5% of those 65 and older were uninsured in 2006; among the nonelderly, 17.8% were uninsured. More than half of the nonelderly uninsured were in families with a full-time, full-year worker. Young adults were more likely to be uninsured than any other age group. More than one-third of Hispanic individuals were uninsured, the highest rate among race/ethnicity groups. In 2007, the Census Bureau released revised data for 1996-2005 showing slightly fewer uninsured individuals.¹ This report focuses primarily on health insurance coverage in 2006 and will be updated when 2007 data are released (late summer 2008).

Health Insurance Coverage by Population Characteristics

Age. Table 1 provides a breakdown of health insurance coverage by type of insurance and age. In 2006, compared to other age groups, those under age 5 had the highest rates of coverage in Medicaid, the State Children's Health Insurance Program (SCHIP), or some other program for low-income individuals (33%). Young adults ages 19 to 24 were the most likely to have gone without health insurance in 2006. While most in this age group (55%) were covered under an employment-based plan, 31% had no health insurance. Young adults are often too old to be covered as dependents on their

¹ The revision was attributed to a Census Bureau programming error that caused some people who reported private coverage to be coded as uninsured. For 2005, the revision reduced the U.S. uninsured rate by 0.6 percentage points (from 15.9% to 15.3%); for 2004, it reduced the uninsured rate by 0.7 percentage points (from 15.6% to 14.9%). For more information, see [<http://www.census.gov/hhes/www/hlthins/usernote/schedule.html>].

parents' policies and, as entry-level workers, do not have strong ties to the work force. Some may also feel that they are in good health and choose to remain uninsured, spending their money on other items. Of those 65 and over, 94% were covered by Medicare, and less than 2% were uninsured. The remainder of this report focuses on the nonelderly population.

Table 1. Health Insurance Coverage by Type of Insurance and Age, 2006

Age	Population (millions)	Type of Insurance ^a						
		Employment- Based ^b	Private Nongroup	Medicare	Medicaid or Other Public ^c	Military/ Veterans' Coverage	Uninsured (percent) (millions)	
Under 5	20.5	56.4%	4.6%	0.7%	32.6%	2.8%	11.4%	2.3
5-18	57.7	62.6%	5.5%	0.5%	24.4%	2.8%	12.3%	7.1
19-24	24.3	54.6%	6.2%	0.6%	10.6%	2.5%	31.0%	7.5
25-34	39.9	60.9%	5.4%	1.2%	8.5%	2.2%	26.9%	10.7
35-54	86.2	70.5%	7.1%	3.0%	6.8%	2.7%	17.0%	14.7
55-61	24.3	69.9%	9.1%	7.3%	6.8%	5.5%	13.0%	3.2
62-64	7.9	62.2%	13.4%	14.9%	9.0%	6.3%	11.8%	0.9
65+	36.0	37.1%	27.5%	93.8%	9.3%	7.4%	1.5%	0.5
Total	296.8	61.1%	9.1%	13.6%	12.9%	3.6%	15.8%	47.0

Source: CRS analysis of data from the March 2007 Current Population Survey (CPS).

- a. People may have more than one source of coverage; percentages may total to more than 100.
- b. Includes group health insurance through current or former employer or union and all coverage from outside the home (published Census Bureau figures are slightly lower due to the exclusion of certain people with outside coverage). Excludes military and veterans' coverage.
- c. Includes State Children's Health Insurance Program (SCHIP) and other state programs for low-income individuals. Excludes military and veterans' coverage.

Other Demographic Characteristics. Table 2 shows the rate of health insurance coverage by type of insurance and selected demographic characteristics — race/ethnicity, family type, region, poverty status, and citizenship — *for people under age 65*. In 2006, whites were least likely to be uninsured (13%), while Hispanics were most likely (36%). The rate of employment-based health coverage was highest among whites (73%), and the rate of public coverage was highest among blacks (25%).²

People residing in two-parent families were most likely to have employment-based health insurance (72%) and least likely to be uninsured (13%). People in a family headed by a single mother were most likely to have public coverage (39%) compared to other family types, and people in a family headed by a single father were most likely to be uninsured (28%).

²“Public coverage” includes Medicare, Medicaid, the State Children's Health Insurance Program (SCHIP), and any other health insurance program for low-income individuals, but excludes military and veterans' coverage. Hispanics may be of any race. In this report, whites, blacks, and Asians are those who are non-Hispanic and report only one race. Among non-Hispanics, individuals who report any other single race (e.g., American Indian) or multiple races are categorized as “other.”

People were less likely to be uninsured if they lived in the Midwest (13%) or the Northeast (14%) than if they lived in the South (21%) or West (20%). Employment-based health insurance covered 71% of people in the Midwest and 69% in the Northeast, compared to 61% in the South and 60% in the West.

Among individuals with family incomes at least two times the poverty threshold, 12% went without health insurance compared to 34% of the poor (i.e., those with family incomes below the poverty threshold). Only 18% of the poor received health coverage through employment, and 46% had public coverage. Of people with family incomes at least two times the poverty threshold, 79% were covered through an employer, and only 6% had public coverage.

Noncitizens were more likely to be uninsured than people born with U.S. citizenship (i.e., “native”) — 47% versus 15%, respectively. Noncitizens accounted for 8% of the population under 65 but were 22% of the under-65 uninsured. Forty percent of noncitizens were covered through employment, compared to 67% of native citizens.

Table 2. Health Insurance Coverage by Type of Insurance and Demographic Characteristics for People Under Age 65, 2006

	Population (millions)	Type of Insurance ^a				Uninsured (percent) (millions)
		Employment- Based ^b	Public ^c	Other ^d		
Race/ethnicity						
White	167.3	72.5%	11.3%	10.9%	12.5%	21.0
Black	33.0	53.1%	24.8%	7.2%	21.7%	7.2
Hispanic	42.4	41.7%	22.3%	4.8%	35.6%	15.1
Asian	11.8	66.7%	10.8%	12.0%	16.4%	1.9
Other	6.3	56.1%	22.8%	8.8%	20.4%	1.3
Family type						
Two parents	114.5	71.9%	12.3%	9.4%	13.1%	15.0
Single dad with children	8.0	49.5%	21.3%	6.2%	28.0%	2.2
Single mom with children	32.6	41.0%	39.4%	5.0%	21.4%	7.0
No children	105.7	64.6%	9.9%	11.1%	21.0%	22.2
Region						
Northeast	46.9	69.3%	16.0%	6.8%	14.0%	6.6
Midwest	57.4	70.7%	14.6%	8.4%	12.9%	7.4
South	94.7	60.9%	14.6%	10.2%	21.4%	20.3
West	61.7	60.1%	15.4%	11.3%	19.9%	12.2
Family income-to-poverty ratio ^e						
Less than 100%	33.1	18.4%	46.2%	6.4%	34.3%	11.4
100%-149%	22.0	33.0%	34.3%	6.8%	32.1%	7.1
150%-199%	22.6	46.8%	22.4%	9.2%	28.9%	6.5
200%+	182.7	78.8%	6.1%	10.4%	11.7%	21.4
Citizenship						
Native	227.5	66.7%	15.6%	9.8%	15.0%	34.1
Naturalized	11.7	64.8%	10.8%	9.9%	19.8%	2.3
Noncitizen	21.5	40.0%	11.3%	5.4%	46.6%	10.0
Total	260.8	64.4%	15.0%	9.4%	17.8%	46.5

Source: CRS analysis of data from the March 2007 CPS.

- a. People may have more than one source of coverage; percentages may total to more than 100.
- b. Includes group health insurance through current or former employer or union and all coverage from outside the home (published Census Bureau figures are slightly lower due to the exclusion of certain people with outside coverage). Excludes military and veterans' coverage.

- c. Includes Medicare, Medicaid, the State Children's Health Insurance Program (SCHIP), and other state programs for low-income individuals. Excludes military and veterans' coverage.
- d. Includes private nongroup health insurance, military and veterans' coverage.
- e. In 2006, the poverty threshold (which is used mainly for statistical purposes and differs slightly from the poverty guideline used for program eligibility and other administrative purposes) for a family with two adults and two children was \$20,444. Approximately 374,000 children are excluded from CPS-based poverty analyses because they are living with a family to which they are unrelated.

Employment Characteristics. For the sixth year in a row, the employment-based coverage rate fell, to 64% among the nonelderly in 2006. **Table 3** shows the rate of health insurance coverage for people under age 65 by employment characteristics of the primary worker in the family. In 2006, only 9% of workers in large firms (1,000 or more employees) and their dependents were uninsured, compared to 35% in small firms (less than 10 employees). People who reported working in small firms and their dependents accounted for 14% of the under-65 population but 28% of the under-65 uninsured. Insurance coverage also varied by industry. The category of agriculture, forestry, fishing, and hunting had the highest proportion of uninsured workers and dependents (34%). Four percent of those associated with employment in public administration were uninsured, and no one associated with employment in the armed forces was uninsured.

Table 3. Health Insurance Coverage by Employment Characteristics^a for People Under Age 65, 2006

	Population (millions)	Type of Insurance ^b				
		Employment-Based ^c		Public or Other ^d	Uninsured (percent) (millions)	
		From Own Job	From Other's Job			
People in families with a worker ^c	224.0	35.2%	37.3%	19.6%	16.9%	38.0
Firm size ^{a, c}						
Under 10	37.6	18.9%	19.6%	32.4%	34.8%	13.1
10-24	19.8	27.7%	25.8%	23.6%	28.8%	5.7
25-99	27.9	35.6%	34.4%	19.2%	19.2%	5.4
100-499	32.0	39.3%	41.1%	15.3%	13.9%	4.5
500-999	13.2	41.3%	45.0%	13.8%	9.7%	1.3
1,000 +	93.5	41.0%	45.2%	15.9%	8.6%	8.1
Industry ^{a, c}						
Agriculture, forestry, fishing, and hunting	2.9	16.1%	17.5%	39.2%	33.8%	1.0
Leisure and hospitality	14.8	23.4%	20.1%	29.1%	33.5%	5.0
Construction	20.6	24.5%	27.8%	20.9%	33.0%	6.8
Other services	8.5	24.6%	23.9%	27.9%	30.1%	2.6
Wholesale and retail trade	28.9	34.4%	33.3%	21.2%	19.4%	5.6
Professional and business services	22.9	33.7%	35.4%	20.8%	18.3%	4.2
Transportation, utilities	13.3	35.5%	41.9%	15.6%	15.7%	2.1
Mining	1.6	35.9%	48.5%	8.4%	14.0%	0.2
Manufacturing	30.5	38.8%	45.6%	13.7%	11.0%	3.4
Education and health services	43.8	41.9%	40.5%	17.8%	10.3%	4.5
Financial activities	16.0	40.2%	42.8%	15.9%	9.9%	1.6
Information	6.1	40.2%	45.6%	13.1%	9.3%	0.6
Public administration	12.3	44.6%	51.3%	12.6%	4.0%	0.5
Armed forces	1.7	16.5%	32.4%	99.9%	0.0%	0.0
Labor force attachment ^{a, c}						
Full time, full year	181.6	37.1%	40.5%	16.5%	14.7%	26.6
Full time, part year	23.1	30.7%	26.5%	28.7%	25.5%	5.9
Part time, full year	11.3	26.0%	23.4%	32.6%	26.4%	3.0
Part time, part year	8.0	19.1%	14.1%	44.3%	30.7%	2.4

	Population (millions)	Type of Insurance ^b				
		Employment-Based ^c		Public or Other ^d	Uninsured	
		From Own Job	From Other's Job		(percent)	(millions)
People in families with no worker or policyholder does not work ^e	29.9	12.6%	9.3%	56.6%	28.4%	8.5
People with coverage outside the home	6.9	8.2%	100.0%	18.5%	0.0%	0.0
Total	260.8	31.9%	35.7%	23.8%	17.8%	46.5

Source: CRS analysis of data from the March 2007 CPS.

- Firm size, industry and labor force attachment reflect the employment characteristics of the primary worker in families where someone is working. Those characteristics were applied to those individuals' "dependents" — their spouse and children.
- People may have more than one source of coverage; percentages may total to more than 100.
- Includes group health insurance through current or former employer or union and all coverage from outside the home (published Census Bureau figures are slightly lower due to the exclusion of certain people with outside coverage). Excludes military and veterans' coverage.
- Includes Medicare, Medicaid, the State Children's Health Insurance Program (SCHIP), other state programs for low-income individuals, nongroup health insurance, and military and veterans' coverage.
- Excluding those persons with health insurance coverage from outside the home.
- Nearly 90% of these policyholders (i.e., those who did not work during the year but had employment-based coverage in their name) were retirees, were ill or disabled, or were at home with the family and probably received coverage through their former employer.

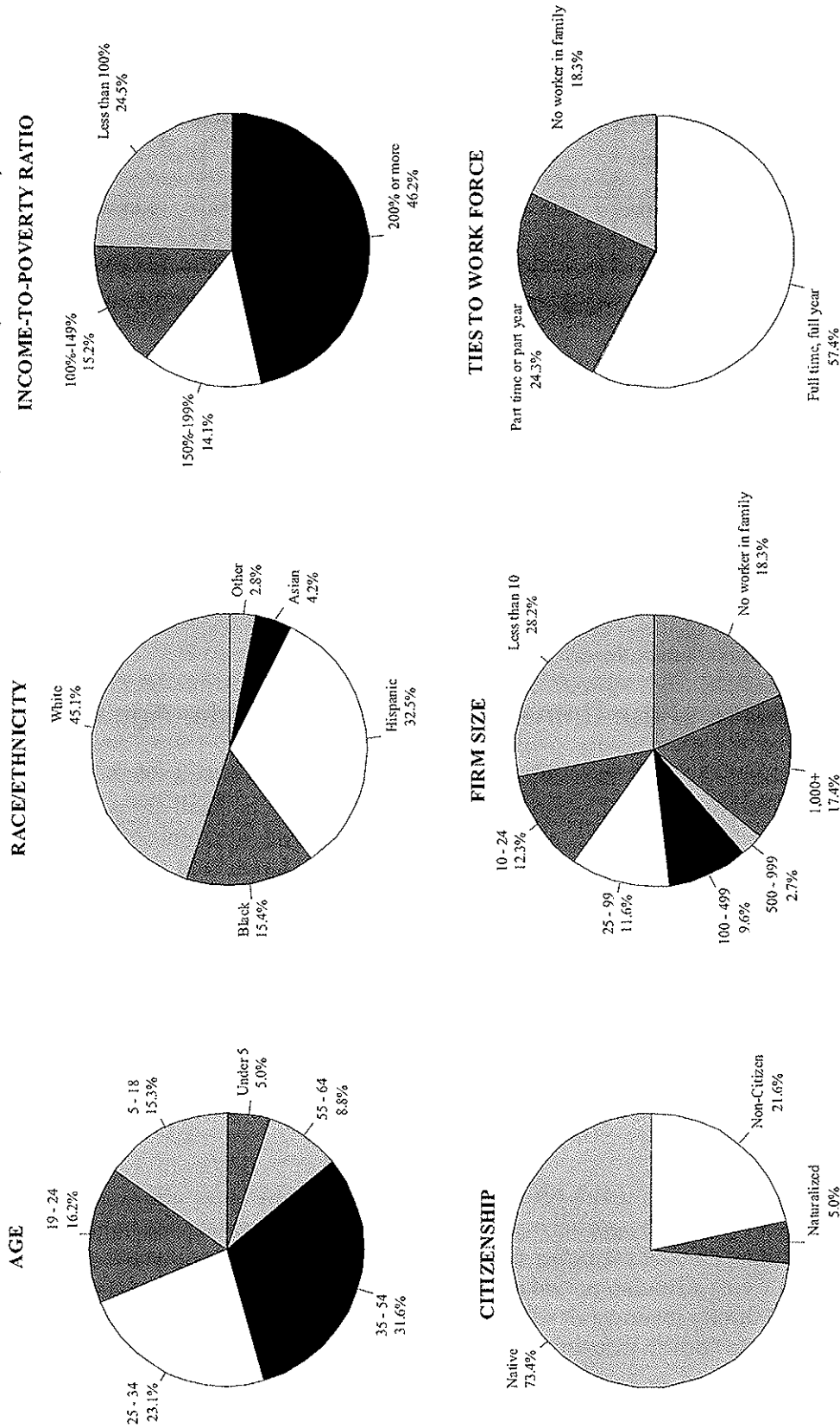
Characteristics of the Uninsured Population Under Age 65

People who lack health insurance differ from the population as a whole: they are more likely to be young adults, poor, Hispanic, or employees in small firms. **Figure 1** illustrates selected characteristics of those under age 65 who were uninsured in 2006. Approximately 16% of the under-65 uninsured were 19 to 24 years old, even though this age group represents only 9% of the under-65 population.

Hispanics represented 33% of the under-65 uninsured, but only 16% of the under-65 population. Whites (non-Hispanics who report being only white) were the most numerous racial or ethnic group among the under-65 uninsured (45%). More than a quarter of the under-65 uninsured were not native-born citizens (that is, they were either noncitizens or naturalized citizens). More than half (57%) of the under-65 uninsured were full time, full year workers or their spouses and children. Approximately 18% had no attachment to the labor force.

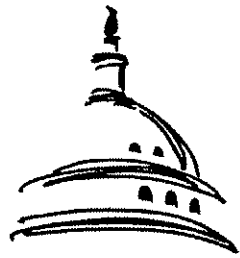
Three-quarters of the under-65 uninsured had family incomes above the poverty threshold. Even though the poor accounted for only 13% of the under-65 population, they represented almost 25% of the under-65 uninsured. To show money income among the uninsured, the Census Bureau provides estimates of household income (everyone in the household) and family income (all related people in the household). Many health policy analysts also create "health insurance unit" (HIU) income, which is lower than household or family income, based on people who could be covered under one health insurance policy (an adult plus spouse and dependents in the household). By this measure of HIU income, 57% of the under-65 uninsured had income below \$25,000 in 2006; 26% had income between \$25,000 and \$49,999; 9% had income between \$50,000 and \$74,999; 4% had income between \$75,000 and \$99,999; and 4% had income of \$100,000 or more.

Figure 1. Characteristics of the Uninsured U.S. Population Under Age 65, 2006 (46.5 million)



Source: Congressional Research Service analysis of data from the March 2007 Current Population Survey.

Note: Totals may not sum to 100 percent due to rounding. Hispanics may be of any race. In this chart, whites, blacks and Asians are those who are non-Hispanic and report only one race. Among non-Hispanics, individuals who report any other single race (e.g., American Indian) or multiple races are categorized as "other." "Firm size" and "ties to work force" reflect the employment characteristics of the primary worker in families where someone is working. Those characteristics were applied to those individuals' "dependents" — their spouses and children. Employed policyholders of private coverage are first to be assigned as primary workers. For those in families without private coverage, persons' employment characteristics are those of the family head or, if the head is not employed and the spouse is, the spouse.



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Health Insurance Coverage of Children, 2006

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Summary

Based on data from the Census Bureau's Current Population Survey (CPS), 9.4 million children under age 19¹ were uninsured in 2006 (12.1%), compared with 8.7 million in 2005 (11.2%). In 2006, 61% of children had employment-based health insurance and 27% had publicly provided health insurance.

Only 8% of non-Hispanic white children were uninsured in 2006, compared with 23% of Hispanic children. Children in poor or near-poor families were more likely to be uninsured than those in higher-income families. Children whose parents worked in a small firm were much more likely to be uninsured (23% in firms with less than 10 workers) than those whose parents worked in a large firm (5% in firms with 1,000 or more workers). Among uninsured children, 63% lived in a household with a parent where at least one adult worked full-time for the entire year.

In 2007, the Census Bureau released revised data for 1996-2005 showing slightly fewer uninsured individuals.² This report focuses primarily on health insurance coverage in 2006 and will be updated when 2007 data are released (late summer 2008).

Health Insurance Coverage by Population Characteristics

Demographic and Family Characteristics. As shown in **Table 1**, children aged 13 to 18 had higher rates of job-based coverage than younger children, but were more likely to be uninsured because they were less likely to have public coverage. Uninsured rates were highest among black and Hispanic children, who had the lowest employment-based coverage rates but were more than twice as likely as non-Hispanic

¹ Census Bureau estimates for children generally refer to individuals under age 18. Most estimates in this report refer to individuals under age 19, which corresponds with the cutoff used for Medicaid poverty-related child eligibility and the State Children's Health Insurance Program (SCHIP) allotment formula.

² The revision was attributed to a Census Bureau programming error that caused some people who reported private coverage to be coded as uninsured. For 2005, the revision reduced the U.S. uninsured rate by 0.6 percentage points (from 15.9% to 15.3%); for 2004, it reduced the uninsured rate by 0.7 percentage points (from 15.6% to 14.9%). For more information, see [<http://www.census.gov/hhes/www/hlthins/usernote/schedule.html>].

white children to have coverage through Medicaid or some other public program. Children in the South and West were more likely to be uninsured than children in the Northeast and Midwest.

Table 1. Health Insurance Coverage and Demographic and Family Characteristics of Children Under Age 19, 2006

	Population (thousands)	Type of insurance ^a				
		Employment- based ^b	Private nongroup	Public ^c	Military or veterans ^d	Uninsured
All children under age 19	78,207	61.0%	5.3%	26.8%	2.8%	12.1%
Age						
Under 6	24,558	57.1%	4.5%	32.4%	2.7%	11.3%
6 to 12	27,916	61.4%	5.7%	27.1%	2.8%	11.1%
13 to 18	25,733	64.2%	5.6%	21.2%	2.8%	13.9%
Race/ethnicity						
White	44,899	72.1%	6.6%	18.8%	3.1%	7.6%
Black	11,517	47.2%	3.6%	40.4%	2.9%	14.6%
Hispanic	15,950	38.9%	2.7%	40.0%	1.6%	22.8%
Asian	3,082	68.8%	7.3%	17.5%	2.4%	12.0%
Other	2,759	55.7%	3.6%	33.8%	4.2%	12.3%
Region						
Northeast	13,352	68.1%	3.8%	25.7%	0.9%	8.7%
Midwest	17,058	68.5%	5.0%	25.6%	1.5%	7.5%
South	28,786	55.9%	5.0%	27.6%	4.1%	15.4%
West	19,010	56.9%	6.9%	27.4%	3.1%	13.5%
Children not living with parent	3,156	27.3%	2.6%	40.1%	1.3%	33.1%
Children living with parent	75,051	62.4%	5.4%	26.2%	2.8%	11.2%
Family type						
Two parents	52,878	71.0%	6.2%	18.1%	3.3%	9.4%
Single dad	4,083	49.8%	4.4%	29.9%	2.0%	20.6%
Single mom	18,090	40.1%	3.3%	49.1%	1.6%	14.3%
Family income-to-poverty ratio						
Under 100%	12,502	17.3%	3.0%	66.5%	1.6%	18.7%
100% to 149%	8,243	34.4%	3.5%	50.7%	1.9%	18.0%
150% to 199%	7,744	51.1%	4.6%	34.1%	3.8%	16.1%
200% to 299%	13,705	69.3%	6.1%	18.6%	3.9%	11.9%
300%+	32,858	86.4%	6.6%	6.1%	2.9%	5.2%
Parents' health insurance coverage						
Employment-based	49,809	91.1%	2.9%	11.1%	2.4%	2.9%
Private nongroup	3,051	5.3%	82.5%	15.7%	2.3%	3.7%
Public	8,039	4.0%	0.1%	96.5%	0.9%	2.8%
Military or veterans ^d	773	3.8%	0.0%	7.7%	97.6%	1.5%
Uninsured	13,379	7.1%	0.4%	43.8%	0.3%	49.5%

Source: Congressional Research Service analysis of data from the March 2007 Current Population Survey.

- a. People may have more than one source of coverage; percentages may total to more than 100.
- b. Includes group health insurance through current or former employer or union and all coverage from outside the home (Census Bureau figures are slightly lower because of the exclusion of certain people with outside coverage). Excludes military and veterans' coverage.
- c. Includes Medicare, Medicaid, the State Children's Health Insurance Program (SCHIP), and other state programs for low-income individuals. Excludes military and veterans' coverage.
- d. Includes stepparent.

Insurance coverage among children under age 19 also differs by family structure. As shown in **Table 1**, 33% of children not living with a parent lacked health insurance, compared with 11% of children living with at least one parent. Among children living with a parent, family structure still had an impact on health insurance coverage. Nine percent of children living in a two-parent family were uninsured in 2006. Although children living with a single father were more likely to have employment-based health insurance than those living with a single mother, children living with a single father were more likely to be uninsured because they were less likely to have public coverage.

Among children in poverty,³ 17% had employment-based coverage, two-thirds had Medicaid or other public coverage, and 19% were uninsured. As the family income-to-poverty ratio increases, the likelihood of children having employment-based coverage increases and the likelihood of having public coverage or being uninsured decreases. Among children in families with family incomes at least three times the poverty threshold, 86% had job-based coverage and 5% were uninsured.

A child's source of health insurance is strongly associated with his or her parents' coverage. Approximately 91% of children who lived with a parent who had employment-based coverage in 2006 also had employment-based coverage.⁴ Likewise, 97% of children who lived with a parent who had Medicaid or other public coverage also had public coverage. Among children who lived with at least one parent who was uninsured in 2006, 50% were uninsured and 44% had Medicaid or other public coverage.

Parents' Employment Characteristics. As shown in **Table 2**, among children under age 19 who lived with at least one parent who worked full-time for the entire year, 72% had job-based coverage, almost 18% had Medicaid or other public coverage, and 10% were uninsured in 2006. Among children who lived with at least one parent who worked, but only part-time or part-year, 37% had job-based coverage, 52% were covered by public coverage, and 14% were uninsured. In cases where no parent worked, 71% of children had public coverage and 18% were uninsured.

Employment-based health insurance coverage is less common for workers in small firms than in larger ones. Job-based coverage rates were lowest and uninsured rates were highest in 2006 among children living with a parent where the primary worker was employed by a firm with less than 10 employees. Health insurance coverage rates also varied substantially by industry. Less than half of children living with a parent where the primary worker was in one of four industries (agriculture, construction, other services, leisure and hospitality) had employment-based coverage. However, more than three-quarters of children living with a parent where the primary worker was in one of five (six,

³ Among children living with at least one parent. In 2006, the poverty threshold (which is used mainly for statistical purposes and differs slightly from the poverty guideline used for program eligibility and other administrative purposes) for a family with two adults and two children was \$20,444.

⁴ When a parent had more than one source of coverage, the following hierarchy was used to determine "primary" coverage: employment-based, private, Medicaid/Medicare, CHAMPUS or VA, and other public. Then the parent with the "highest" coverage was used to classify both parents' insurance coverage. Thus, if one parent had employment-based coverage and the other had private insurance, the parents' coverage was classified as employment-based.

including the armed forces) industries (mining, financial activities, manufacturing, information, public administration) had such coverage.

Table 2. Health Insurance Coverage and Parents' Employment Characteristics of Children Under Age 19 Living with at Least One Parent, 2006

	Population (thousands)	Type of insurance ^a				
		Employment- based ^b	Private nongroup	Public ^c	Military or veterans'	Uninsured
Children under age 19 living with parent	75,051	62.4%	5.4%	26.2%	2.8%	11.2%
Custodial parents' work status						
At least one parent worked full-time and full-year	59,194	71.7%	5.6%	17.5%	2.9%	10.0%
None full-time and full-year, at least one part-time or part-year	10,143	36.5%	5.3%	52.3%	2.3%	14.3%
Did not work ^d	5,715	11.8%	2.8%	70.5%	2.6%	18.1%
Firm size						
Under 10	10,904	33.6%	15.1%	32.6%	1.3%	22.8%
10-24	5,864	45.1%	5.8%	34.2%	1.2%	18.4%
25-99	8,171	60.6%	4.6%	27.3%	1.3%	12.9%
100-499	9,484	70.9%	3.6%	21.1%	1.2%	10.9%
500-999	3,922	77.9%	2.5%	19.1%	1.0%	6.7%
1,000+	27,511	79.3%	3.0%	16.8%	4.9%	5.3%
Not applicable ^e	9,195	43.1%	4.5%	49.3%	3.3%	11.2%
Industry						
Agriculture, forestry, fishing, and hunting	963	27.3%	16.5%	41.6%	0.9%	20.7%
Construction	6,241	48.4%	8.3%	28.1%	1.0%	19.9%
Other services	2,411	41.6%	8.7%	35.1%	2.0%	18.6%
Leisure and hospitality	4,261	37.4%	4.9%	44.4%	1.5%	18.1%
Wholesale and retail trade	8,355	59.7%	4.6%	28.1%	1.6%	12.8%
Professional and business services	6,770	62.9%	7.5%	22.1%	2.0%	12.4%
Transportation, utilities	3,914	71.6%	3.3%	19.4%	1.7%	10.6%
Mining	475	78.4%	1.7%	13.0%	1.3%	10.4%
Financial activities	4,654	75.9%	8.4%	11.3%	1.6%	8.5%
Education and health services	12,586	70.8%	4.9%	22.5%	1.8%	8.1%
Manufacturing	9,108	77.8%	3.1%	18.2%	1.0%	7.7%
Information	1,826	81.3%	5.6%	13.6%	1.3%	6.5%
Public administration	3,598	89.3%	2.4%	9.0%	5.2%	2.8%
Armed forces	693	48.7%	1.8%	3.1%	99.8%	0.0%
Not applicable ^e	9,195	43.1%	4.5%	49.3%	3.3%	11.2%

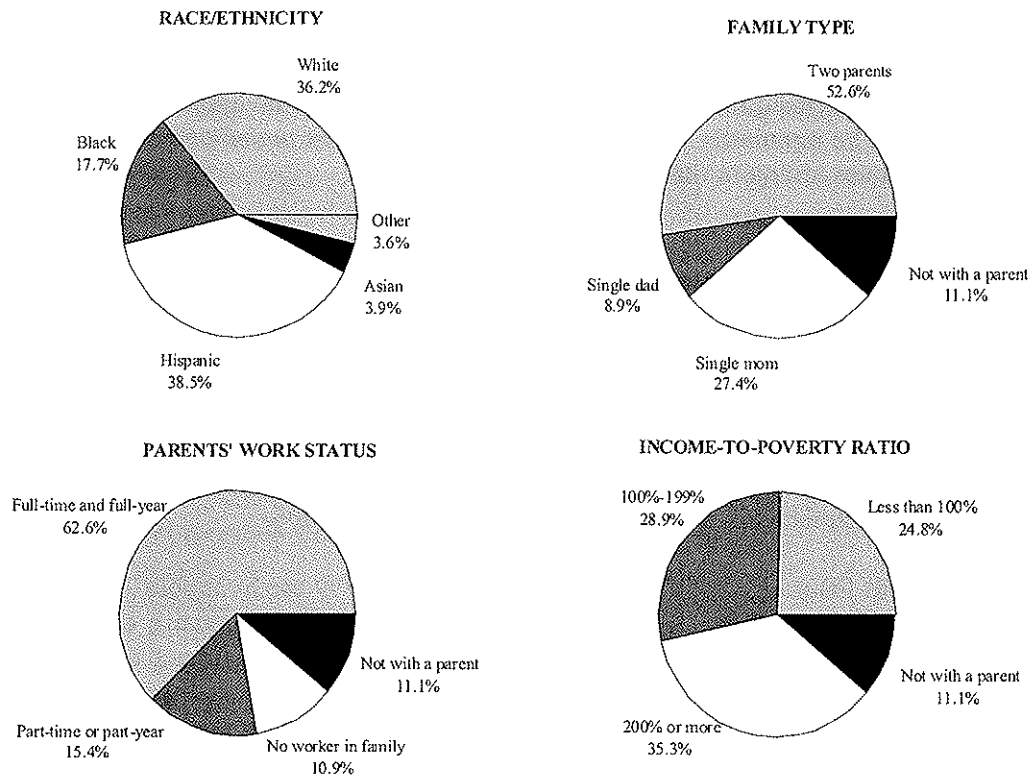
Source: Congressional Research Service analysis of data from the March 2007 Current Population Survey.

- People may have more than one source of coverage; percentages may total to more than 100.
- Includes group health insurance through current or former employer or union and all coverage from outside the home (Census Bureau figures are slightly lower because of the exclusion of certain people with outside coverage). Excludes military and veterans' coverage.
- Includes Medicare, Medicaid, the State Children's Health Insurance Program (SCHIP), and other state programs for low-income individuals. Excludes military and veterans' coverage.
- Child's employment-based coverage may be through a parent's former employer, from someone outside the household (e.g., noncustodial parent), or in the child's name (e.g., from his or her own job).
- No firm-size or industry information is provided because the parent did not work or because coverage is from outside the household or in the child's name.

Characteristics of Uninsured Children

In the preceding discussion, health insurance coverage *rates* among different groups of children under age 19 were compared. For example, 8% of non-Hispanic white children were uninsured in 2006, compared with 23% of Hispanic children. However, because the United States has many more non-Hispanic white children (45 million) than Hispanic children (16 million), the *number* of uninsured in each group is similar, as shown in **Figure 1**.

Figure 1. Characteristics of Uninsured Children Under Age 19, 2006 (9.4 million)



Source: Congressional Research Service analysis of data from the March 2007 Current Population Survey.

Note: Totals may not sum to 100% due to rounding. "Full-time and full-year" means at least one parent living with the child was a full-time, full-year worker. "Part-time or part-year" means that at least one parent living with the child worked, but not full-time and full-year. Whites, blacks, and Asians are those who are non-Hispanic and report only one race. Among non-Hispanics, individuals who report any other single race (e.g., American Indian) or multiple races are categorized as "other."

This apparent paradox — that the group least likely to be uninsured makes up a large portion of the uninsured — exists when looking at other characteristics as well. Children who lived with at least one parent who worked full-time for the entire year were least likely to be uninsured (10%) compared with other children, but still composed 63% of all uninsured children in 2006. Similarly, children in two-parent families were least likely to be uninsured (9%) compared with others, yet made up more than half of the population of uninsured children. This raises difficult issues for policy makers who might wish to help uninsured children. For example, should proposals be targeted at those in two-parent families because they are more numerous, or at other uninsured children because they are more likely to be uninsured?

Health Insurance Coverage of Children Over Time

Thus far, health insurance estimates presented in this report have referred to children *under age 19*. The remainder of this report refers to children *under age 18*, for whom historical estimates are more readily available.⁵

The number and percentage of children under age 18 covered by employment-based health insurance has dropped annually since 2000. However, increases in public coverage more than offset the job-based declines between 2000 and 2004. As a result, the number and percentage of uninsured children under age 18 declined significantly — from 8.4 million (11.6%) in 2000 to 7.7 million (10.5%) in 2004.⁶ Between 2004 and 2006, this downward trend in the uninsured was reversed, and the number and percentage of children under age 18 without health insurance rose significantly — from 7.7 million (10.5%) in 2004 to 8.7 million (11.7%) in 2006. Public coverage among children under age 18 remained statistically unchanged between 2004 and 2006.

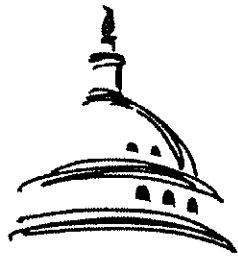
CPS health insurance estimates for years prior to 1999 are available⁷ but are not directly comparable to those for later years because of a questionnaire change that increased the number and percentage of people covered by health insurance beginning in 1999, as well as the absence of revised data for years prior to 1996 that would correct a Census Bureau programming error discovered in 2007.⁸ Based on unrevised estimates produced using the old questionnaire, the number and percentage of uninsured children under age 18 showed year-to-year fluctuations but grew significantly between 1987 and 1998. As employment-based coverage rates declined in the late 1980s and early 1990s, public coverage rates rose. As employment-based coverage rates rebounded in the mid-1990s, public coverage rates declined.

⁵ As noted earlier, revised data for 1996-2005 showing slightly fewer uninsured individuals were released in 2007. New historical tables with revised estimates for 1999 forward are available at [<http://www.census.gov/hhes/www/hlthins/historic/index.html>]. Although the underlying data files were made available, the Census Bureau did not include revised estimates for 1996-1998 in its new historical tables.

⁶ Statistical significance was tested at the 95% confidence level (5% significance level). This means that one can be 95% certain that the difference between years is not zero.

⁷ Old historical tables are available at [http://www.census.gov/hhes/www/hlthins/historic/index_old.html].

⁸ See earlier footnotes for information on the programming error and revised data.



CRS Report for Congress

Spending by Employers on Health Insurance: A Data Brief

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Summary

To attract and maintain a skilled workforce, many businesses provide health insurance and other benefits for their employees. As the cost of health insurance rises, employers face a growing challenge paying for benefits while managing labor costs to succeed in a competitive market. All types of businesses report problems, including both small businesses and firms with thousands of employees and retirees.

Despite concerns about the cost of benefits, small and large employers together provide health coverage for most Americans, about 60% of the population in 2006.¹ But as the amount that employers pay for health insurance has been increasing — both absolutely and as a share of labor costs — the percent of the population covered has been decreasing.

To describe employer contributions for health insurance, this report presents data from two employer surveys. The first, conducted by the Kaiser Family Foundation and the Health Research and Educational Trust, provides information on premiums for employer-sponsored health insurance. The second, from the Department of Labor, provides information on employer costs for employee compensation, including costs for wages and salaries, health insurance, and other benefits.

Premiums for Employer-Sponsored Health Insurance

Although not all employers provide work-based health coverage, those that do pay most of the premium. As shown in **Table 1**, in 2007, employers paid 84.5% of the cost for single coverage and 72.9% for family coverage. Employers paid a smaller share of health insurance premiums in 2007, compared with 2006.

¹ U.S. Census Bureau, *Income Poverty, and Health Insurance Coverage in the United States: 2006*, Current Population Report no. P60-233, August 2007, p. 58. The actual estimate for 2006 was 59.7%, down from 60.2% in 2005, and from 64.2% in 2000 (the 20-year high).

Table 1. Employer and Worker Contributions for Employer-Sponsored Health Insurance, 2001-2007

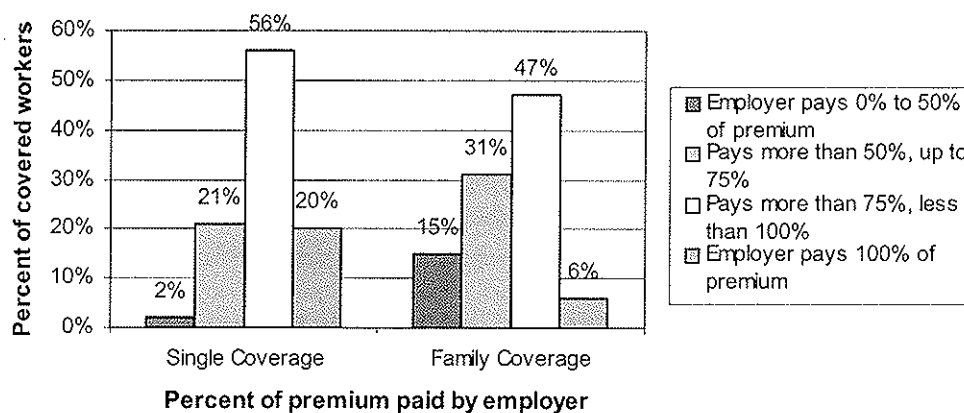
	2001	2002	2003	2004	2005	2006	2007
Employers' share of premium							
Single policy	86.4%	85.2%	85.0%	84.9%	84.8%	85.2%	84.5%
Family policy	74.5%	73.8%	73.4%	73.3%	75.1%	74.1%	72.9%
Workers' share of premium							
Single policy	13.6%	14.8%	15.0%	15.1%	15.2%	14.8%	15.5%
Family policy	25.5%	26.2%	26.6%	26.7%	24.9%	25.9%	27.1%

Source: CRS calculations based on data from the Kaiser Family Foundation and Health Research and Educational Trust, *Employer Health Benefits 2007 Annual Survey*, *2006 Annual Survey*, *2005 Annual Survey*, *2004 Annual Survey*, *2003 Annual Survey*, *2002 Annual Survey*, and *2001 Annual Survey*.

Note: Data are based on a national sample of public and private employers with three or more workers.

The above shares are average contributions by employers, but different firms pay different shares, and even the same firm may pay different shares for different workers.² As shown in **Figure 1**, in 2007, employers paid 100% of the premium for health insurance for 20% of workers with single coverage and 6% of workers with family coverage. They paid 50% or less of the premium for only 2% of workers with single coverage.

Figure 1. Distribution of Percentage of Premium Paid by Employers for Single and Family Health Insurance Coverage, 2005



Source: CRS calculations based on data from the Kaiser Family Foundation and Health Research and Educational Trust, *Employer Health Benefits 2007 Annual Survey*.

² In addition, as mentioned already, not all employers offer insurance. According to the KFF/HRET survey, in 2007, 99% of firms with 200 or more workers offered health benefits. Offer rates for smaller firms were: 45% (3-9 workers), 76% (10-24 workers), 83% (25-49 workers), and 94% (50-199 workers).

Although the average *share* that employers contribute for premiums has been relatively stable over the 2001-2007 period (**Table 1**), the average *amount* has increased substantially. As shown in **Table 2**, employer payments for single and family coverage both increased by about two-thirds between 2001 and 2007, from \$2,292 to \$3,785 for single coverage, and from \$5,256 to \$8,824 for a family of four.

Growth in health insurance premiums has varied year-to-year, always exceeding growth in prices for all goods and services, as measured by the Consumer Price Index. Over the 2001-2006 period, premiums for single coverage in an employer-sponsored health plan grew at an average annual rate of 9.8%; average growth for family coverage was 10.2%. Over the same period, average annual growth in consumer prices was 2.6%.

Table 2. Premiums for Employer-Sponsored Health Insurance, and Growth in Prices for All Goods and Services, 2001-2007

	2001	2002	2003	2004	2005	2006	2007	Avg. Growth 2001-06
Average annual premium for single coverage								
Employer contribution	\$2,292	\$2,606	\$2,875	\$3,137	\$3,413	\$3,615	\$3,785	
Worker contribution	\$360	\$454	\$508	\$558	\$610	\$627	\$694	
Total premium	\$2,652	\$3,060	\$3,383	\$3,695	\$4,024	\$4,242	\$4,479	
Growth in premium ^a	9.4%	15.4%	10.6%	9.2%	8.9%	5.4%	5.6%	9.8%
Average annual premium for a family of four								
Employer contribution	\$5,256	\$5,870	\$6,656	\$7,289	\$8,167	\$8,508	\$8,824	
Worker contribution	\$1,800	\$2,084	\$2,412	\$2,661	\$2,713	\$2,973	\$3,281	
Total premium	\$7,056	\$7,954	\$9,068	\$9,950	\$10,880	\$11,480	\$12,106	
Growth in premium ^a	11.2%	12.7%	14.0%	9.7%	9.3%	5.5%	5.5%	10.2%
Average growth in prices for all goods and services								
CPI-U	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	NA	2.6%

Source: KFF/HRET employer health benefit surveys (see **Table 1**). Data on growth in prices are from the U.S. Department of Labor, Bureau of Labor Statistics, at [<http://www.bls.gov>].

Notes: CPI-U = Consumer Price Index-All Urban Consumers. NA = not available. Data are based on a national sample of public and private employers with three or more workers. Components may not add to totals because of rounding.

a. Growth in premium from previous year.

Health Insurance and Labor Costs

Employer contributions for health insurance are an important component of labor costs. Firms use health and other benefits to attract and retain workers, and workers value access to subsidized health coverage. As shown in **Table 3**, in March 2007, health insurance accounted for 7.9% of employee compensation; other benefits, including paid leave, pensions, and required contributions for Social Security and Medicare, accounted for 22.1%.³ Wages and salaries made up the remaining 70% of total compensation.⁴

Table 3. Wages and Salaries, Benefits, and Health Insurance as a Percentage of Total Compensation, 2001-2007

	2001	2002	2003	2004	2005	2006	2007
Wages and salaries	72.6%	72.4%	71.8%	71.0%	70.4%	70.1%	70.0%
Total benefits	27.4%	27.6%	28.2%	29.0%	29.6%	29.9%	30.0%
Health insurance	6.1%	6.5%	6.9%	7.2%	7.5%	7.6%	7.9%
All other benefits	21.3%	21.1%	21.3%	21.8%	22.1%	22.3%	22.1%

Source: U.S. Bureau of Labor Statistics, Office of Compensation and Working Conditions, *Employer Costs for Employee Compensation (ECEC), Historical Listing, 1991-2001, 2002-2003, and 2004-2007*, at [<http://www.bls.gov/ncs/ect/home.htm>].

Notes: Data are for civilian workers. Percentages are based on data reported in March of each year. (Through 2001, estimates were published annually in March; since 2002, estimates have been published quarterly.) In June 2007, the share of compensation for health insurance was 7.9% (most recent data).

The 7.9% share of compensation represents average spending on health insurance for civilian workers: individual employers may devote a higher or lower share, or nothing at all. Contributions also vary by broad industry group. For example, in June 2007, spending by state and local governments on health insurance was 11.0% of total compensation, while the share for private industry was 7.1%.⁵ Differences in employer

³ In addition to the benefits listed above, the 22% share includes overtime and other supplemental pay, life and disability insurance, and required contributions for unemployment insurance and workers' compensation.

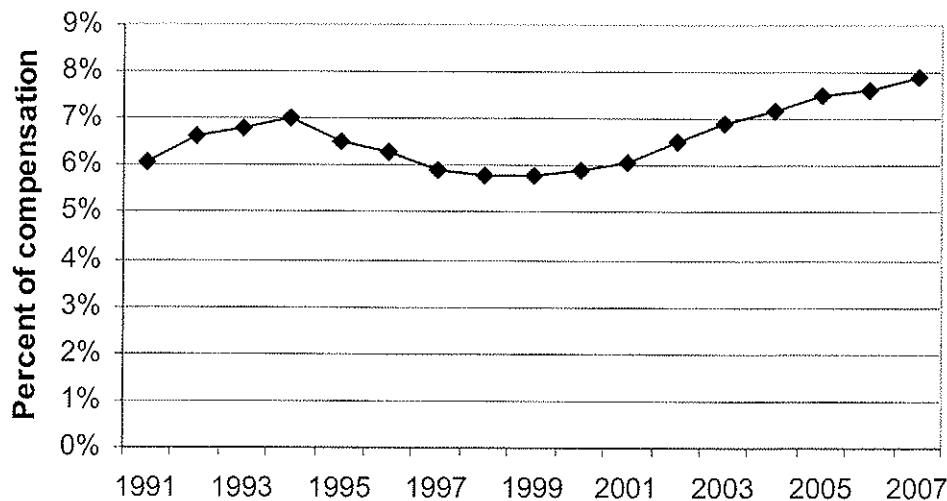
⁴ Data on employer costs for employee compensation are based on a national sample of different occupations in private establishments and state and local governments. Several groups are excluded from the sample for private industry: the self-employed, farm workers, and private household workers. Federal government workers are excluded from the sample for the public sector. The data measure the average cost *per employee hour worked* that employers pay for wages and salaries and benefits. Wages and salaries are defined as the hourly straight-time wage rate or, for workers not paid on an hourly basis, straight-time earnings divided by the corresponding hours. For more information, see BLS *News*, pp. 24-26 (technical notes), released September 20, 2007, at [<http://www.bls.gov/news.release/pdf/ecec.pdf>].

⁵ BLS *News*, September 20, 2007, p. 3.

spending may be explained by differences in health insurance coverage rates, differences in the generosity of benefits, and differences in the other components of compensation.

The 2007 share for civilian workers is high compared with the late 1990's, when employer contributions for health insurance accounted for less than 6% of compensation. As shown in **Figure 2**, over the 1999-2007 period, the share of spending for health insurance grew steadily, from 5.8% in 1999 to 7.9% in 2007. A previous upward trend occurred between 1991 and 1994, when spending grew from 6.1% of compensation to a peak of 7.0%, coinciding in time with President Clinton's health reform effort. Between 1994 and 1998, spending fell from 7.0% of compensation to 5.8%, in part because of growth in managed care plans that had some success in controlling health care costs.

Figure 2. Health Insurance as a Percentage of Total Compensation, 1991-2007



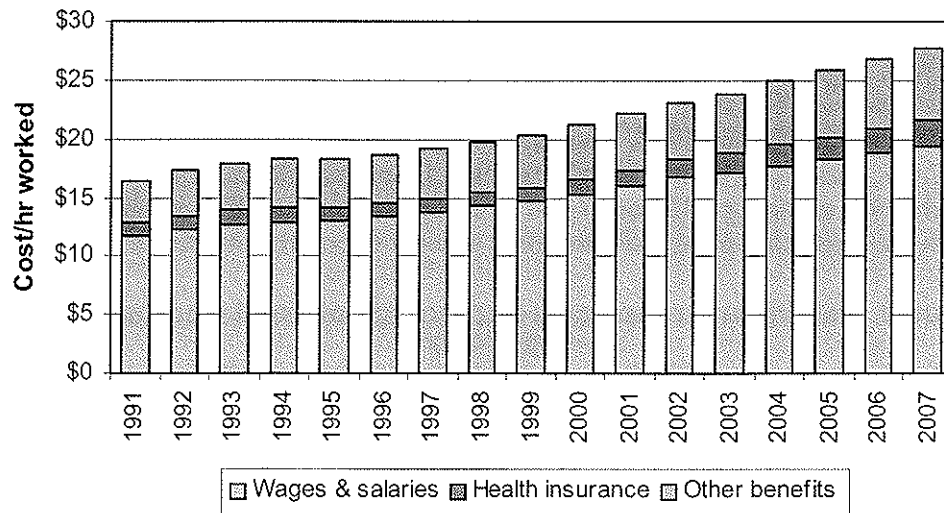
Source: U.S. Bureau of Labor Statistics, Office of Compensation and Working Conditions, *Employer Costs for Employee Compensation (ECEC), Historical Listing, 1991-2001, 2002-2003, and 2004-2007*, at [<http://www.bls.gov/ncs/ect/home.htm>].

Notes: Data are for civilian workers. Percentages are based on data reported in March of each year.

Growth in health insurance as a share of total compensation does not itself provide information on whether labor costs are increasing for employers. Labor costs change with changes in all of the components of compensation, including wages and salaries, health insurance, and other benefits. As shown in **Figure 3**, labor costs per hour worked grew from an average of \$16.45 in 1991 to \$27.82 in 2007. Over the same period, costs for wages and salaries grew from \$11.81 to \$19.47 per hour worked, health insurance costs grew from \$1.01 to \$2.19, and costs for other benefits grew from \$3.63 to \$6.16.

Change in the components of labor costs varies year-to-year. As shown in **Figure 4**, over the 1991-2007 period, the change in employer costs per hour worked for health insurance ranged from an increase of 11.9% in 1992 to a decrease of 6.3% in 1995; the average annual increase in costs per hour was 5.0%. Over the same period, the average annual increase in costs per hour worked was 3.2% for wages and salaries and 3.4% for other benefits.

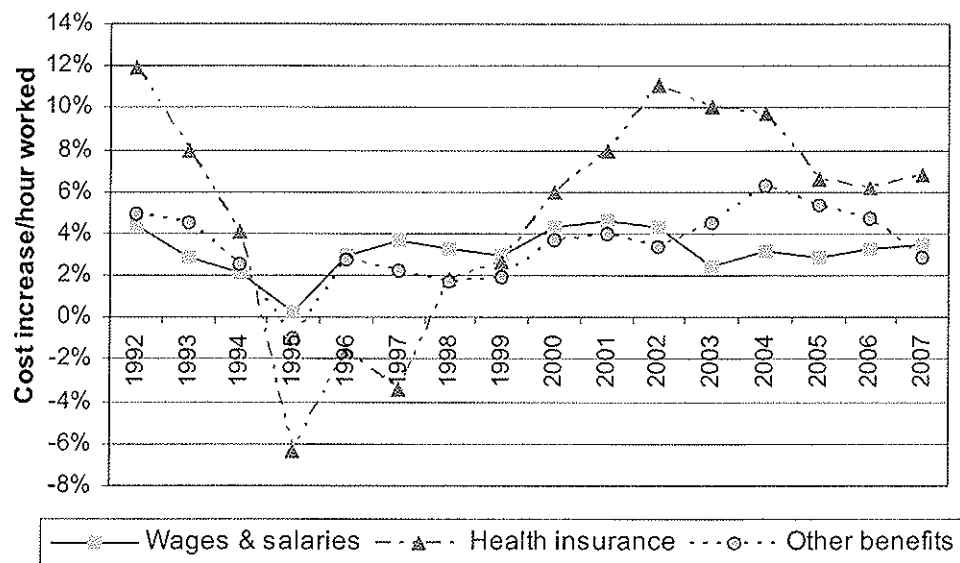
Figure 3. Employer Costs per Hour Worked for Employee Compensation, 1991-2007



Source: U.S. Bureau of Labor Statistics, Office of Compensation and Working Conditions, *Employer Costs for Employee Compensation (ECEC), Historical Listing, 1991-2001, 2002-2003, and 2004-2007*, at [<http://www.bls.gov/ncs/ect/home.htm>].

Notes: Data are for civilian workers. Amounts are based on data reported in March of each year. Other benefits include paid leave; overtime and other supplemental pay; life and disability insurance; pensions; and required contributions for Social Security, Medicare, unemployment insurance, and workers' compensation.

Figure 4. Growth in Employer Costs per Hour Worked for Employee Compensation, 1991-2007



Source: CRS analysis, based on data from the Bureau of Labor Statistics (see Figure 3).

Notes: See Figure 3.